

KELLEY DRYE & WARREN LLP

A LIMITED LIABILITY PARTNERSHIP

WASHINGTON HARBOUR, SUITE 400

3050 K STREET, NW

WASHINGTON, D.C. 20007-5108

(202) 342-8400

FACSIMILE

(202) 342-8451

www.kelleydrye.com

NEW YORK, NY

TYSONS CORNER, VA

CHICAGO, IL

STAMFORD, CT

PARSIPPANY, NJ

BRUSSELS, BELGIUM

AFFILIATE OFFICES

JAKARTA, INDONESIA

MUMBAI, INDIA

DIRECT LINE: (202) 342-8544

EMAIL: jheitmann@kelleydrye.com

April 8, 2011

VIA ECFS

Marlene H. Dortch, Secretary
Federal Communications Commission
445 - 12th Street, SW
Washington, DC 20554

Re: Notice of Ex Parte Presentation – WC Docket Nos. 11-42, 03-109 and CC
Docket No. 96-45

Dear Ms. Dortch:

On Thursday, April 7, 2011, Mark Widbin of Reunion Communications, Inc. (Reunion Communications) and the undersigned met with Kim Scardino and Beau Finley of the Wireline Competition Bureau to discuss paragraphs 68-70 of the Notice of Proposed Rulemaking (FCC 11-32) released on March 4, 2011 in the above-captioned proceedings. During the meeting, we discussed the Commission's proposed elimination of Lifeline reimbursement for Toll Limitation Service (TLS), the lack of an adequate factual basis to support such action, and the detrimental impact that such action would have on consumers, wireline competitive ETCs, and other small businesses such as Reunion Communications.

We explained that wireline competitive ETC Lifeline offerings provide low-income consumers with a compelling value proposition (unlimited local inbound and outbound calling for a full thirty days, coupled with "toll control" as opposed to "toll blocking", pre-paid/no deposits, enhanced consumer outreach and care, among other benefits) and that low-income consumers should continue to be able to choose between those offerings and those of the incumbents LECs and wireless ETCs. We also explained that the Commission could better serve its goal of maximizing opportunities to keep low-income consumers connected by adopting a reimbursement cap for TLS. Such a cap would enable the Commission to better control waste, fraud and abuse, while preserving TLS, which the Commission has found to be "essential" for keeping low-income consumers connected.

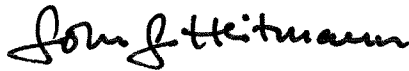
KELLEY DRYE & WARREN LLP

Marlene H. Dortch
April 8, 2011
Page Two

During the meeting, the attached materials were distributed and referenced. Please note that on page 7 of the handout, the parenthetical phrase in the fourth bulleted entry should read "ILEC fees are up to \$8.52 NRC and \$5.12 MRC". As explained during the meeting, these represent the highest first month total Bell Operating Company charges encountered by Reunion Communications in states served by Reunion Communications' competitive ETC customers. A corrected copy of the presentation also is attached to this notification letter.

In accordance with the Commission's rules, this letter is being filed electronically for inclusion in the public record of the above-referenced proceedings.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "John J. Heitmann". The signature is fluid and cursive, with the first name "John" and last name "Heitmann" clearly distinguishable.

John J. Heitmann

Attachments

cc: Kim Scardino
Beau Finley

Lifeline: Reimbursement for Toll Limitation Service

WC Docket Nos. 11-42, 03-109 and CC Docket No. 96-45

Reunion Communications, Inc.
April 7, 2011

Reunion Communications, Inc.

- Reunion Communications is a vendor to the wholesale telecommunications market
 - Management team has over 50 years of combined telecom industry experience
 - Our primary customers are competitive LECs, including competitive ETCs
 - We provide a “toll control” TLS product to our customers
 - Our prices typically are at or below ILEC prices for “toll blocking” TLS products
- Reunion Communications is a small business founded in 2001 and based outside Chicago, Illinois
 - We are privately held and we have 9 employees
 - All our customers also are small businesses
 - Revenues for our toll control TLS product are a significant amount of our total

TLS Reimbursement Remains Essential

- TLS remains essential for keeping low-income consumers connected to the public switched telephone network – for the same reasons the Commission found it to be essential in 1997
 - Joint Board found that
 - studies demonstrated that the primary reason subscribers lost access was failure to pay toll charges
 - Low-income consumers may not be able to afford TLS
 - Joint Board has not recommended elimination of TLS reimbursement
 - no studies or data suggest that the Joint Board's recommendations are no longer sound

TLS Reimbursement Remains Essential (cont'd)

- TLS remains essential ... for the same reasons the Commission found it to be essential in 1997
 - FCC, citing the success of TLS driving subscribership levels in Pennsylvania, found TLS to be
 - “essential to education, public health or public safety”
 - “‘consistent with the public interest, convenience, and necessity’ for low-income consumers in that they maximize the opportunity of those consumers to remain connected to the telecommunications network”
 - NPRM’s proposal to eliminate TLS reimbursement is not tied to an adequate factual basis for reversing these conclusions

Low-Income Consumers: Facts and Unintended Effects

- The proposed elimination of TLS reimbursement would have unintended effects on low-income consumers
 - Facts
 - Lifeline customers continue on average to pay relatively high long distance rates (bundles include limited access)
 - Lifeline customers typically qualify for very limited usage amounts in any distance calling plans, including wireless plans
 - Controlling toll calling remains important but difficult
 - Lifeline customers without TLS often are subject to substantial and unmanageable deposit requirements

Low-Income Consumers: Facts and Unintended Effects (cont'd)

- Unintended effects
 - Fewer low-income consumers connected to the network
 - Without TLS, low-income consumers will face
 - Disconnection...no service
 - Deposits...no service
 - Greater reliance on less desirable and more costly alternatives...less service/no service
 - Fewer choices...less service/no service
 - Higher prices...less service/no service

Small Businesses and Competitive ETCs: Facts and Unintended Effects

- The proposed elimination of TLS reimbursement would have unintended effects on small businesses, including Reunion and competitive ETCs
 - Elimination of Lifeline TLS reimbursement would make participation in Lifeline uneconomic for many small competitive ETCs
 - Competitive ETCs currently offer options, education and support programs not offered by the ILECs
 - TLS costs cannot be absorbed by competitive ETCs – profit margins are too thin (ILEC fees are up to \$8.52/mo.)
 - Jobs will be lost if small competitive ETCs exit the business
 - Competitive ETCs and vendors, including Reunion Communications and other small businesses, would be forced to contract and eliminate jobs

A Better Alternative

- The proposed elimination of the Lifeline TLS reimbursement mechanism is blunt regulation not smart regulation
- The alternative proposal – a reimbursement cap – is “smart regulation” that:
 - controls costs
 - prevents abuse from “bad actors”
- More importantly, a cap would preserve TLS which
 - keeps more low-income consumers connected to the network, emergency services and job opportunities
 - provides them with competitive choices and better options
 - preserves jobs at small businesses

Lifeline: Reimbursement for Toll Limitation Service

WC Docket Nos. 11-42, 03-109 and CC Docket No. 96-45

Reunion Communications, Inc.

April 7, 2011

(corrected at p. 7)

Reunion Communications, Inc.

- Reunion Communications is a vendor to the wholesale telecommunications market
 - Management team has over 50 years of combined telecom industry experience
 - Our primary customers are competitive LECs, including competitive ETCs
 - We provide a “toll control” TLS product to our customers
 - Our prices typically are at or below ILEC prices for “toll blocking” TLS products
- Reunion Communications is a small business founded in 2001 and based outside Chicago, Illinois
 - We are privately held and we have 9 employees
 - All our customers also are small businesses
 - Revenues for our toll control TLS product are a significant amount of our total

TLS Reimbursement Remains Essential

- TLS remains essential for keeping low-income consumers connected to the public switched telephone network – for the same reasons the Commission found it to be essential in 1997
 - Joint Board found that
 - studies demonstrated that the primary reason subscribers lost access was failure to pay toll charges
 - Low-income consumers may not be able to afford TLS
 - Joint Board has not recommended elimination of TLS reimbursement
 - no studies or data suggest that the Joint Board's recommendations are no longer sound

TLS Reimbursement Remains Essential (cont'd)

- TLS remains essential ... for the same reasons the Commission found it to be essential in 1997
 - FCC, citing the success of TLS driving subscribership levels in Pennsylvania, found TLS to be
 - “essential to education, public health or public safety”
 - “‘consistent with the public interest, convenience, and necessity’ for low-income consumers in that they maximize the opportunity of those consumers to remain connected to the telecommunications network”
 - NPRM’s proposal to eliminate TLS reimbursement is not tied to an adequate factual basis for reversing these conclusions

Low-Income Consumers: Facts and Unintended Effects

- The proposed elimination of TLS reimbursement would have unintended effects on low-income consumers
 - Facts
 - Lifeline customers continue on average to pay relatively high long distance rates (bundles include limited access)
 - Lifeline customers typically qualify for very limited usage amounts in any distance calling plans, including wireless plans
 - Controlling toll calling remains important but difficult
 - Lifeline customers without TLS often are subject to substantial and unmanageable deposit requirements

Low-Income Consumers: Facts and Unintended Effects (cont'd)

- Unintended effects
 - Fewer low-income consumers connected to the network
 - Without TLS, low-income consumers will face
 - Disconnection...no service
 - Deposits...no service
 - Greater reliance on less desirable and more costly alternatives...less service/no service
 - Fewer choices...less service/no service
 - Higher prices...less service/no service

Small Businesses and Competitive ETCs: Facts and Unintended Effects

- The proposed elimination of TLS reimbursement would have unintended effects on small businesses, including Reunion and competitive ETCs
 - Elimination of Lifeline TLS reimbursement would make participation in Lifeline uneconomic for many small competitive ETCs
 - Competitive ETCs currently offer options, education and support programs not offered by the ILECs
 - TLS costs cannot be absorbed by competitive ETCs – profit margins are too thin (ILEC fees are up to \$8.52 *NRC* and \$5.12 *MRC*)
 - Jobs will be lost if small competitive ETCs exit the business
 - Competitive ETCs and vendors, including Reunion Communications and other small businesses, would be forced to contract and eliminate jobs

A Better Alternative

- The proposed elimination of the Lifeline TLS reimbursement mechanism is blunt regulation not smart regulation
- The alternative proposal – a reimbursement cap – is “smart regulation” that:
 - controls costs
 - prevents abuse from “bad actors”
- More importantly, a cap would preserve TLS which
 - keeps more low-income consumers connected to the network, emergency services and job opportunities
 - provides them with competitive choices and better options
 - preserves jobs at small businesses